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August 29, 2022

Via electronic mail: regs.comments@federalreserve.gov

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Notice of Proposed Rulemaking on Regulation Implementing the Adjustable Interest Rate (LIBOR) Act
Docket No. R-1775; RIN 7100-AG34

Dear Secretary Misback:

Fannie Mae appreciates the opportunity to comment on the proposed rule issued by the Board of Governors of the Federal Reserve System (“Board”) that would implement the Adjustable Interest Rate (LIBOR) Act.¹ We write in support of the rule and encourage the Board to consider our comment below concerning publication of synthetic LIBOR on and after the LIBOR replacement date and its effect on “availability.”

Publication of synthetic LIBOR on and after the LIBOR replacement date and its effect on “availability.” We agree that publication of synthetic LIBOR on and after the LIBOR replacement date arguably could give the impression that “LIBOR” remains “available” and, therefore, should continue to be used for LIBOR contracts with fallback provisions that lack an express nonrepresentativeness trigger, notwithstanding the fact that the LIBOR contract’s fallback provisions may identify a clear and practicable benchmark replacement or a determining person to determine a benchmark replacement when the benchmark is no longer available. The existence of synthetic LIBOR, whether published by ICE Benchmark Administration Limited or any successor administrator, could result in confusion by parties to LIBOR contracts as to which benchmark to use after June 30, 2023. Therefore, in order to avoid such confusion, we recommend that, with respect to any LIBOR contract that is not a covered contract (other than a LIBOR contract where the parties have agreed in writing that the contract shall not be subject to the LIBOR Act), the final rule address the ambiguity discussed in the NPR regarding LIBOR contracts with fallback provisions that lack an express nonrepresentativeness trigger by indicating that those contracts’ fallback provisions would be triggered on the LIBOR replacement date, particularly those concerning benchmark availability.

¹ Notice of Proposed Rulemaking, Regulation Implementing the Adjustable Interest Rate (LIBOR) Act, 87 Fed. Reg. 45268 (Jul. 28, 2022) (the “NPR”).



The Regulation Implementing the Adjustable Interest Rate (LIBOR) Act is a vital step in providing a uniform, nationwide solution for replacing references to LIBOR in tough legacy contracts; therefore, we fully support the proposed rule and thank the Board for its consideration of our comment. If you have any questions, please contact me at 202-752-6219 or wells_m_engledow@fanniemae.com.

Sincerely,

A handwritten signature in black ink that reads "Wells M. Engledow".

Wells M. Engledow
Enterprise Deputy General Counsel—Senior Vice President